

Message Text

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60

ACTION NEA-10

INFO OCT-01 ISO-00 AGR-05 FEA-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 /086 W
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R 091240Z OCT 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 3823

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY MANAMA

AMEMBAFMY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KABUL

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

USINT BAGHDAD

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E.O. 11652: N/A

TAGS: BEXP, EIND, IR

SUBJECT: ANTI-PROFITEERING DRIVE: SHAH SPEAKS OUT ON NEED FOR
TOTAL ABOLISHMENT OF PROFITEERING

REF: TEHRAN 9322

1. ON THE OCCASION OF CEREMONIES AT GOLESTAN PALACE ON OCTOBER 7,
1975, MARKING THE END OF RAMAZAN, THE SHAH ONCE AGAIN ADDRESSED
HIMSELF TO THE SUBJECT OF CORRUPTION IN IRAN. SPEAKING TO THE
ASSEMBLED ISLAMIC CHIEFS OF MISSION RESIDENT IN TEHRAN, THE SHAH
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STATED THAT THE 14TH PRINCIPLE OF THE SHAH-PEOPLE REVOLUTION

(THE ANTI-PROFITEERING PRINCIPLE) WOULD BE CONSTANTLY ENFORCED "AS A PERMANENT CHECK AGAINST PROFITEERING." HE SAID THAT THE SCHOOLS, THE MEDIA AND ALL ELEMENTS OF IRANIAN SOCIETY SHOULD STRIVE TO MAKE "FAIR PLAY AND HONESTY IN BUSINESS (A THING) THAT IS ENGRAINED IN THE BLOOD AND SPIRIT OF THE PEOPLE." CONTINUING IN THE THEME THAT CHEATING AND UNFAIR TRADING MUST BE ABOLISHED, HE OBSERVED THAT SUCH ACTIVITIES ARE "ILLOGICAL, IMMORAL AND CAUSE UNIVERSAL HARM." THE TERMS AND RULES OF THE ISLAMIC FAITH, HE SAID, SHOULD BE CITED AND EXPLAINED TO THE PUBLIC SO THAT THEY CAN UNDERSTAND HOW VIGOROUSLY ISLAM CONDEMNS PROFITEERING.

2. IT IS EVIDENT FROM OUR CONVERSATION WITH FOREIGN AND IRANIAN BUSINESSMEN THAT THE ANTI-PROFITEERING DRIVE CONTINUES APACE. THERE HAS BEEN SOME DIMINUTION IN MEDIA COVERAGE OF MALFACTORS BEING SUMMARILY ARRESTED BUT IT IS CLEAR THAT THE GOVERNMENT IS MAINTAINING A CLOSE WATCH ON PRICES ACROSS THE BOARD. A FEW BUSINESSMEN TOLD US THAT A SOMEWHAT GREATER AWARENESS HAS TAKEN HOLD WITH THE PRICE CONTROL AUTHORITIES ON WHAT CONSTITUTES LEGITIMATE COSTS BUT A GREATER NUMBER INSIST THAT THE SUTHORITIES CONTINUE TO ACT AS ARBITRARILY AS EVER. SOME OF OUR SOURCES SAY THAT THEY ARE LOSING FROM 10 TO 15 PERCENT ON EVERY TRANSACTION AND STATE THAT THEY SIMPLY WILL NOT IMPORT WHEN PRESENT STOCKS ARE DEPLETED. IN SEEKING TO COUNTER THE APPARENT DOWNWARD TREND IN THE REORDERING OF COMMODITIES OF ALL KINDS, THE GOVERNMENT HAS BEEN PLEADING WITH BUSINESSMEN TO CONTINUE TO PLACE ORDERS ABROAD AT THE PRE-JULY 1975 LEVEL. PROMISES HAVE BEEN GIVEN TO SOME SECTORS OF TRADE THAT "SUITABLE ADJUSTMENTS" WILL BE MADE. WE UNDERSTAND THAT THE ASSOCIATION OF AUTOMOTIVE SPARE PARTS HAS WORKED OUT A 10 POINT ACCORD WITH THE MINISTRY OF ECONOMY WHICH REPORTEDLY MEETS THE MINIMUM REQUIREMENTS OF THE SECTOR INSOFAR AS FUTURE GOVERNMENT ACTIONS ON THE ANTI-PROFITEERING BOARD ARE CONCERNED. WE WILL ENDEAVOR TO GET A COPY OF THIS AGREEMENT AND POUCH A COPY TO THE DEPARTMENT.

3. IN A CONVERSATION WITH THE AMBASSADOR ON OCTOBER 5, THE MINISTER OF ECONOMIC AFFAIRS AND FINANCE, ANSARY, MADE IT CLEAR THAT THE ANTI-PROFITEERING DRIVE WOULD CONTINUE FOR THE INDEFINITE FUTURE. ANSARY SAID THAT THE ROLE OF MIDDLEMENT IN THE IRANIAN ECONOMY WAS A DIFFICULT PROBLEM FOR THE LIMITED OFFICIAL USE

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GOVERNMENT. SOME MIDDLEMEN PERFORM A USEFUL FUNCTION (E.G., TEXTILES) WHILE OTHERSHAVE NO FUNCTION WHATEVER (E.G., IN THE FRUIT TRADE). HE THOUGHT IT WOULD TAKE THE GOVERNMENT SEVERAL YEARS TO CARRY OUT A PROGRAM WHICH WOULD DEAL WITH THIS PROBLEM SUCCESSFULLY.
HELMS

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